TESTIMONY OF

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UNITED STATES DEPARTMENT OF AGRICULTURE

BEFORE THE U.S. HOUSE OF REPRESENTATIVES

COMMITTEE ON AGRICULTURE

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Mr. Chairman and members of the Committee, thank you for the opportunity to appear today to discuss the recent BSE-positive cow found in Washington State, and our response.

I have appreciated the conversations that I have had with many of you during the last month. Your input and comments are extremely valuable as we continue to work through this situation.

Response actions on and after December 23

On December 23, we received word that a tissue sample taken as part of our routine surveillance system had tested presumptive positive for BSE. That was only four weeks ago, but in some ways it seems like four months, especially when you consider all that has transpired.

We had in place a BSE response plan, which was first developed in 1990, and has been continually updated since then to reflect the latest knowledge about the disease, as well as lessons learned from other countries that have had cases of BSE. Upon hearing of the BSE find, we immediately began to implement that plan.

We began an epidemiological investigation to determine the origin of the cow and to identify and locate her offspring and cohorts. We also began the process of tracing the meat forward and learned that, while the meat from this cow went into the food supply, the high-risk products, such as brain and spinal cord, did not enter the human food system.

We feel very confident that the meat that did enter the food supply posed virtually no risk to public health. However, in an abundance of caution, we traced the meat from the animal and issued a recall of the product. Also, consistent with our response plan, we sent the tissue sample for confirmation to the World Organization for Animal Health (OIE) reference laboratory in Weybridge, England.

We also decided to immediately inform the public. I felt then and still feel very strongly that we have an obligation to the American public and to our industry to be as transparent, timely and accurate as possible in our communication efforts.

Upon learning of the presumptive positive, I asked our scientists how confident they were of the preliminary results. When our experts said they were very confident in the accuracy of the tests conducted by our scientists at the National Veterinary Services Lab in Ames, Iowa, we made the information public on December 23 – the same day I learned of the presumptive positive test result – and even though the lab in England had not yet verified our findings.

After the announcement, we began daily briefings that were broadcast live via our website and, in some cases, broadcast live on network and cable television so that those who were interested could hear the latest updates. From December 24 through New Year's Eve, some 100,000 people viewed our briefings via the web and thousands more participated through an interactive phone line.

When considering actions to be taken following the find, I repeatedly asked myself and staff three questions: First and foremost, what, if any, additional actions need to be taken to further protect public health; what additional actions, if any, need to be taken to prevent potential spread of disease in the cattle herds; and how can we best maintain consumer confidence in our safe beef supply.

On December 30, one week after the find, I announced a series of actions to further enhance our already strong safeguards. These included an immediate ban on non-ambulatory (downer) animals from the food system and further restrictions on specified risk materials – such as brain and spinal cord tissue – from entering the food supply. We also announced that meat from cattle tested for BSE will be held until the test has confirmed negative. The measures were published on January 12 as interim final rules.

We were able to act so quickly because of the advance planning we had undertaken. After the find in Canada, and prior to the find in Washington State, we had been working on new regulations on specified risk materials, so much of the regulatory analysis had already been

completed. In addition, we said that we will maintain an aggressive surveillance system by doubling the number of animals tested and continuing to target high-risk animals.

We also announced that we will be expediting the implementation of a verifiable system of national animal identification. Currently, many animals can be identified through some system of animal ID. In fact, the BSE-infected cow in Washington had an animal ID, which has greatly facilitated the traceback.

Significant work to develop such a system has already been accomplished. Over the past 18 months, USDA has worked with the National Institute for Animal Agriculture, and state and industry groups, to identify national standards for an animal identification system that will enhance the speed and accuracy of our response to animal disease outbreaks. I have asked USDA's Chief Information Officer to make it a top priority to develop the technology architecture necessary to implement an effective and verifiable system throughout the United States. Our goal is to achieve a uniform, consistent, and efficient national system.

On Saturday, December 27, we learned that the ear-tag matched that of a Canadian cow that was exported to the U.S. We made the public announcement of that information that same day, and further announced we would be confirming through DNA testing. On January 6, the DNA result, along with other records and documentation, allowed the U.S. and Canada to confirm that the cow originated on an Alberta dairy farm.

In keeping with our commitment to continually review our systems, I also announced on December 30 that I would convene an international panel of experts to review our investigative efforts. We are asking them to make recommendations for possible further enhancements to our systems, including recommendations on changes to our current surveillance systems, in light of the current situation. This team will be composed of the same experts who reviewed the Canadian situation, with the addition of an OIE expert. We expect them to be here this week to begin their review.

We are also in the process of approving so-called "rapid tests" for BSE. On January 9, we announced that APHIS would begin formally accepting license applications for BSE rapid test kits. These tests, among other things, are less specific than the immunohistochemistry (IHC) test that USDA has designated as its official test for BSE, but can produce results for screening purposes more quickly. Internationally, the IHC is considered the "gold standard" diagnostic test method.

APHIS is now reviewing and responding to the data submissions, physically inspecting the facilities where these test kits would be produced, and actually testing these kits at the National Veterinary Services Laboratories in Ames, Iowa.

Last week, on January 13, I traveled to Ames, Iowa to visit with our scientists at the National Veterinary Services Laboratory to get a sense of how the testing process currently works, listen to their views about revisions to our testing program, and discuss what additional resources they need to get their jobs done.

As you all know, the National Centers for Animal Health in Ames are the linchpin in our animal health infrastructure. We have world-class scientists there, and they need world-class facilities. That is why I was pleased to announce last week that the President's 2005 Budget will include $178 million to complete the renovation of the USDA campus in Ames, which houses a critical mass of APHIS' diagnostics and veterinary biologics laboratories, as well as ARS researchers.

When completed, the campus will be the most modern and best-equipped animal disease diagnostic and research facility in the world. If approved by Congress, these funds will allow us to fully complete this project by the end of 2007 under an accelerated contracting and construction schedule.

All the actions that we are taking are in addition to the strong safeguards we had in place before December 23. Since the discovery of BSE in the United Kingdom in the mid 1980s, the United States has been very proactive in implementing measures to guard against BSE. We have continually reviewed the scientific research, conducted risk assessments and strengthened our protective measures accordingly.

As you know, USDA requested Harvard University to conduct an independent risk assessment to evaluate preventative measures already in place and to identify additional actions that should be taken to minimize the risk of BSE. After three years of extensive data gathering and analysis, the results were released in November 2001. At that time, Harvard found that the BSE is highly unlikely to become established in the United States, should the disease be detected in our

country. As a result of the Harvard analysis, we announced additional preventive actions, such as increased surveillance and the testing of certain ground beef products for central nervous system tissue.

In 2003, we asked Harvard to reassess the situation, taking into account the BSE find in Canada in May. In August, Harvard reaffirmed the findings of the initial study that systems already in place would prevent BSE from spreading if it were found in the United States. Harvard also concluded that even if infected animals or ruminant feed material entered the U.S. animal agriculture system from Canada, the risk of it spreading extensively within the U.S. herd was very low.

Impact on domestic and export beef markets

Throughout this process, we have been committed to maintaining public health safety and consumer confidence in our systems. Some 90 percent of U.S.-produced beef is consumed domestically, and all indications are that the confidence of the U.S. consumer in the safety of American beef remains very strong. Retailers and food service outlets are reporting virtually no adverse effects on consumer demand as a result of the BSE finding. We believe this is due in part to the quick and aggressive steps the Administration has taken to protect public health.

Unfortunately, most of our export markets, including our key buyers – Japan, Mexico, Korea and others – immediately closed their markets to U.S. beef after the December 23 announcement.

In 2003, the quantity of U.S. beef exports is estimated at 2.6 billion pounds, accounting for 10 percent of U.S. beef production. The value of our exports of beef, veal and variety meats is estimated at about $3.8 billion for 2003, and we exported another $65 million in live cattle. The products that otherwise would have been exported in 2004 now must be absorbed in the domestic market.

The loss of exports had an immediate impact on the cattle market, resulting in an initial drop of 15 to 20 percent in cattle prices on cash and futures markets. However, prices have strengthened over the past week. Markets are now down 10 to 15 percent from the levels prior to the BSE finding, and current cattle prices remain above year-ago levels.

Regaining our export markets is a top priority for the Administration. The conditions our trading partners impose on us for re-opening trade must reflect what science tells us. We know that the risk to public health from BSE is extremely low in countries that have no or low incidence in cattle, and that also have appropriate mitigation measures in place.

The United States is leading the effort to ensure that the international response to BSE is science-based. After the find in Canada last May, we reacted exactly the way countries are now treating the United States – we shut off all beef and cattle imports from Canada. However, after conducting a complete and thorough investigation into the incident, and evaluating the additional safeguards Canada made to its already strong system, we allowed trade in low-risk products to resume in late August.

The United States reviewed the scientific evidence and determined that imports of boneless beef from animals under 30 months of age and other low-risk products could safely resume. The U.S. decision was consistent with international scientific standards that allow for trade to resume when a country has taken the necessary actions to prevent the spread of BSE.

Last fall we published a proposal to extend the trading, to allow live animals and certain other products to enter the United States. The comment period on that rule closed January 5. In light of the finding in Washington State and the origin of the cow, we will consider the next steps on this proposal after our investigation is complete, and determine how to obtain further public comment on that proposal, or if we need to revise the original proposal.

In addition, together with Canada and Mexico, we have asked the OIE to clarify its guidelines regarding trade among countries with BSE so that science guides the actions of all countries. We expect the OIE to issue an updated chapter on BSE in the spring.

U.S. beef is safe for consumers in the United States and around the world, and we are urging our trading partners to base their decisions on science. Since December 23, we have worked continually to inform our trading partners about the case, the steps we are taking to investigate the situation, and the additional safeguards we have implemented.

Within days of the finding, we dispatched USDA's senior trade advisor, David Hegwood, and Dr. Chuck Lambert, Deputy Undersecretary for Marketing and Regulatory Programs, to Japan

and South Korea to explain the investigation and the rigorous safeguards that we already had in place.

Earlier this month, U.S. Trade Representative Zoellick and I each had very encouraging meetings with the Japanese trade minister. Last week, I had a lengthy conversation with Japan's Minister of Agriculture Kamei. I impressed upon him the importance of finding a practical solution to allow resumption of trade and releasing into commercial channels the considerable quantity of beef shipped to Japan prior to December 23.

Minister Kamei stated that Japan is looking forward to resuming trade. As a result, Dr. J.B. Penn, USDA Under Secretary for Farm and Foreign Agricultural Services, is in Japan today leading a delegation of USDA and FDA officials to further engage the Japanese in discussions to reopen that important market to our beef.

In addition, I have talked with ministers from Canada, Mexico, the Philippines and others on an ongoing basis to keep them informed of our progress. We have been quite pleased with the reactions of both Canada and the Philippines. Both countries have allowed at least a portion of their markets to remain open to our beef.

Dr. Penn and Mr. Bill Hawks, USDA Under Secretary for Marketing and Regulatory Programs, traveled to Mexico for productive discussions, and other U.S. officials just returned from China where these issues were discussed.

Last Friday, I met with my counterparts from Canada and Mexico, Minister Speller and Secretary Usabiaga, to discuss the need to enhance and coordinate a consistent North American response to the animal health and trade issues that BSE raises. We agreed to develop an enhanced consultative process led by senior officials in each of our respective departments to facilitate these efforts. The work is already underway, and we expect the officials to meet within the next 30 days.

In addition, technical teams from Japan and Mexico spent several days in the United States, meeting with technical experts at USDA and the Food and Drug Administration. The Japanese team also traveled to the State of Washington to review the investigation there, and the Mexicans visited processing facilities in Colorado.

USDA staff at U.S. embassies abroad continue to inform foreign governments of actions taken and reassure them of the safety of our beef. In addition, we held a briefing here last week for all foreign embassies to keep them informed of new developments in the BSE investigation and to respond directly to their questions.

Our efforts to restore our foreign markets continue to be a top priority, and we urge our trading partners to resume trade based on sound scientific principles.

Our investigation into the case in Washington State is ongoing. In just four weeks and one day, we have made a great deal of progress in both the traceback and the trace-forward from the

infected animal. Our investigators have worked hand-in-hand with the State of Washington and other States, as well as with Canadian authorities.

Because of our advance planning and our continuous review of our BSE risk-mitigation measures – and particularly the intensive review we have undertaken since the Canadian case in May – we were able to respond very quickly and effectively to the BSE find in Washington State.

We are continuing to trace the other animals that came across the border with the infected cow and are finding and testing those animals. To date, all animals tested have been negative for BSE. We have implemented significant policy changes and had numerous meetings with our international counterparts. We have worked to be as transparent in our processes as possible, and provided updated information as quickly as possible.

I am very proud of the accomplishments of our dedicated USDA team, many of whom are with us today, including Under Secretary Hawks, Under Secretary Murano, and Chief Economist Keith Collins. I would like to especially recognize our chief veterinarian, Ron DeHaven, for his extraordinary work throughout this process.

We will continue to provide timely updates to the public as information is available. We have also included as an attachment to my testimony a timeline of events relating to this incident. We will continue to update this on our website as appropriate.

Mr. Chairman, again, thank you very much for holding this hearing today. We appreciate the opportunity to inform the agricultural community and the broader public of the actions we have taken. We recognize there are many different ideas and opinions about how we can achieve the most robust system possible to guard against BSE. I look forward to the opportunity for dialogue on these issues that this hearing affords us. I would be pleased to take any questions you have at this time.